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18TH DISTRICT, CALIFORNIA

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SUBCOMMITTEE ON LIVESTOCK, DAIRY AND POULTRY

SUBCOMMITTEE ON
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Congress of the United States
House of Representatives
Washington, DC 20515-0518

March 6, 2009

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President Barack Obama
The White House
1600 Pennsylvania Ave
Washington, D.C. 20500

Dear President Obama,

I am writing to ask you to create a federal economic disaster designation and to declare California's Central Valley its first designee. My colleague Congressman Jim Costa and I will soon be introducing legislation to implement such a designation. The impact of weak financial markets, high foreclosure rates, and skyrocketing unemployment are felt across the nation, but my communities have been devastated much more than others. In addition to these dramatic events, my region also faces a drought – caused both by weather and regulatory measures—and a crisis throughout the dairy industry. These two crises alone are expected to result in an additional 60,000 job losses in the agriculture sector. Because it is clear that this economic crisis has far exceeded local and state governments' capacity to support my district, particularly because the State of California faces severe financial constraints, I believe it is imperative that these harder-hit cities and counties in the Central Valley receive targeted and comprehensive federal relief if they are to ever begin recovering from this recession. The destruction occurring in my district is no different than that wrought by a hurricane; it has just happened over a longer period of time. An Economic Disaster Area designation would recognize the disproportional impact of this downturn and direct funding to my areas to help them rebuild.

By numerous measures, including unemployment rates, foreclosure rates, and the home price index, California's 18th district is among the most economically devastated in the country. In Merced, California the January 2009 unemployment rate was 18.9%, and in Modesto and Stockton, the other two major cities in my district, it was 16% and 15.1% respectively. In all of these cities, the unemployment rate is significantly above the national average of 8.1%. Merced also has the highest rate of foreclosures in the nation, and Modesto and Stockton rank fifth and sixth. Furthermore, home price declines in my district have also been far above the national average. According to the Federal Housing Financing Agency, the national one-year home price decline as of December 2008 was 8.24%. In Merced it was an astounding 49.5%. Stockton homeowners lost an average of 40.19% of their home equity last year and Modesto homeowners lost 37.78%. The February failure of County Bank, Merced, the largest financial institution in that county, further solidified the community's downward spiral and is expected to result in the loss of hundreds more jobs throughout my district.

It's not just the financial downturn that is hurting my constituents. Agriculture – especially the dairy industry – drives the economy in the Central Valley. Dairy operations are suffering devastating losses after milk prices collapsed, having fallen 33 percent lower than they were a

year ago. And California's drought is forcing farmers to leave enormous swaths of acreage to fallow, resulting in tens of thousands of unemployed agricultural workers. Furthermore, we're still reeling from the closure of Castle Air Force Base in 1995 and the related lack of economic development opportunities. I call this "perfect storm" of crises the Hurricane Katrina of the Central Valley. Each crisis is imposing extreme economic hardships on the region. Individually, they would cause great suffering; coupled together, the Valley is economically crippled. The nation as a whole may be suffering from a recession, but my district is experiencing a full-blown depression.

The severity of the economic downturn means local governments in my district and the state of California are simply unable to help the most affected populations in the Central Valley. I have heard that some cities have contemplated filing for bankruptcy protection as a means to stay afloat. California struggled to close an unprecedented budget gap of \$41 billion and did so only after raising taxes and making drastic cuts to state services. There is no money for economic development and not enough resources to address the fallout from the recession. As a result, without targeted federal resources and attention, communities in my district will be hard pressed to recover.

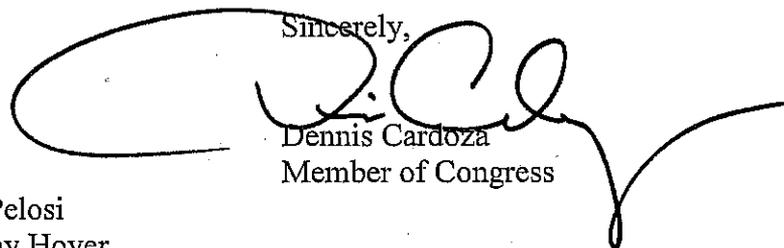
The Economic Disaster Area designation will help cities such as Merced, Modesto, and Stockton survive at a time when local and state governments do not have the capacity to provide fiscal relief. Under the Clinton Administration, the President issued an Executive Order, at the request of Congressmen Dooley and Condit, that created a federal task force to steer federal resources to the Valley. While it had good intentions, the Order did not achieve its intended results. It is now time for new and aggressive approaches. Given that California contributes more in federal revenue than it receives in federal spending, it makes economic sense to provide additional help to my district to help the state and the country return to economic prosperity. Targeting federal funding to these areas would breathe life back into these cities and help the nation's overall economy rebound.

When a hurricane or flood ravages a community, we respond urgently as a unified nation to assist those in need. Although the housing and economic crises have destroyed cities and counties more slowly, the impact is no less dramatic, no less threatening. We must now rally behind the communities in the Central Valley that are bearing the brunt of the national recession.

I appreciate the role that Vice President Biden is serving as Director of recovery oversight and I invite him to come to my district so that he may witness its devastation first hand.

Thank you for your consideration of this urgent request. I look forward to your prompt response.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read 'D. Cardoza', with a long horizontal flourish extending to the right.

Dennis Cardoza
Member of Congress

cc: Speaker Nancy Pelosi
Majority Leader Steny Hoyer
Chairman Barney Frank

Governor Arnold Schwarzenegger
Lieutenant Governor John Garamendi
Senator Diane Feinstein
Senator Barbara Boxer
Congressman Jim Costa
Congressman George Radanovich
Congressman Devin Nunes
Congressman Jerry McNerney
Congressman Kevin McCarthy
Merced Mayor Ellie Wooten
Modesto Mayor Jim Ridenour
Stockton Mayor Ann Johnston